



**Center for Health and
Public Policy Studies**

California Health Care Options Project

The Cal-Health Option

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I. Introduction

This Health Care Option proposal, referred to as Cal-Health, is based on Assembly Bill 32 (AB 32), which was introduced by Assembly Member Richman, Senator Figueroa, and Assembly Member Chan on December 4, 2000. The Principal co-author is Assembly Member Thomson, and other co-authors include Assembly Members Aanestad and Koretz, and Senators Burton, McPherson, and Romero. AB 32 passed the Assembly on June 6, 2001 and was referred to the Senate for deliberations.

Existing law provides for creation of various programs to provide health care services to persons with limited incomes and meeting various eligibility requirements. These programs include the Healthy Families Program administered by the Managed Risk Medical Insurance Board (MRMIB) and the Medi-Cal program administered by the State Department of Health Services (DHS). This proposal would create the California Health Care Program (Cal-Health), which will coordinate the Healthy Families program through MRMIB, and the Medi-Cal program through DHS by providing a uniform and simplified application process. This option provides for outreach efforts to increase enrollment in the Healthy Families and Medi-Cal programs for those persons currently eligible but not enrolled. This option seeks to expand health insurance coverage under the Healthy Families program for parents of eligible children in families with incomes up to 250% of the federal poverty level (FPL). This option also seeks to develop standard uniform benefits packages (SUBP) that can be offered by commercial carriers to persons with incomes above 250 percent of FPL and to small firms. Additionally, it seeks to extend coverage under Medi-Cal (under 133% of FPL) and Healthy Families (133%-250% of FPL) for non-custodial adults who are not eligible for any other health insurance programs.

II. Objectives of the Cal-Health Program

An estimated 6.6 million Californians were uninsured in 2000. The uninsured include Californians who can not afford health insurance, who work for employers that do not provide health insurance benefits, and those who are eligible for existing public programs for health insurance but due to complex eligibility rules and application procedures, language and cultural barriers, immigration concerns, and other program inefficiencies, have not applied or enrolled in those programs. Perhaps the most efficient and effective solution to increasing access to health insurance for Californians who lack coverage is to build and improve upon existing public programs that are designed to provide insurance to low-income populations and to increase access to affordable health insurance in the private marketplace for persons with incomes too high to be eligible for public programs. Specifically, this option seeks:

A. To Expand Eligibility for Parents Under Healthy Families

One objective of Cal-Health is to expand health insurance coverage through the Healthy Families program to all parents of eligible children who have incomes between 200 percent and 250 percent of the FPL and who are not currently eligible for other programs.

B. To Reach Out, Simplify, and Streamline Enrollment

Another objective of the Cal-Health program is to increase enrollment in the Healthy Families and Medi-Cal programs for those persons who are currently eligible but not enrolled. To this end, Cal-Health will be responsible for creating and implementing programs reaching out to and enrolling individuals and children in the Medi-Cal and Healthy Families programs. Additionally, the Cal-Health program will work with hospitals and other health care facilities, as well as preschools, elementary and secondary schools to ensure that individuals and children who are eligible for these programs enroll and receive benefits. Furthermore, to increase

enrollment, health care providers will be authorized, contingent upon specified financial conditions, to screen and temporarily enroll individuals (using an automated enrollment system with paperless verification) in Medi-Cal and the Healthy Families Program at the time the person is provided with medical care. Providers will be reimbursed to the same extent as if the individual were fully enrolled in the program. To further facilitate enrollment of eligible but not enrolled persons, an easy, one-step streamlined application process will be created by coordinating the administrative functions of Healthy Families and Medi-Cal programs and providing for accelerated enrollment in those programs.

C. To Develop a Low-Cost Standard Uniform Benefit Package (SUBP)

A third objective of Cal-Health is to create a set of standard uniform benefits that will be more affordable and less expensive than the current products available in the individual and small group markets. An SUBP will be developed that will increase access to affordable health insurance for those Californians who do not qualify for state programs and who lack the means or opportunity to obtain private health care coverage in the private market.

D. To Extend Eligibility for Coverage to Low-Income, Non-Custodial Adults

The final objective of Cal-Health is to expand health insurance coverage through the Medi-Cal program to non-custodial adults with family incomes at or below 133 percent of FPL and who are not currently eligible for other programs, and to expand health insurance coverage through the Healthy Families program to all non-custodial adults with incomes between 133 percent to 250 percent of FPL and who are not eligible for other programs.

III. Target Populations and Eligibility

Cal-Health will expand eligibility under Healthy Families to parents of eligible children with incomes up to 250% of FPL. This proposal, in order to further this eligibility, would, among other things, exempt specific resources for Medi-Cal and Healthy Families eligibility. To the extent permitted by federal law, there will not be an assets test for the Medi-Cal program for adults and children or for Healthy Families.

The state will also seek a waiver, or exercise other federal options that may be available to it, use federal Medicaid funds for Medi-Cal coverage for adults under 65 years of age who are not disabled and do not have a deprived child in the home and who have a family income at or below 133 percent of FPL and to use S-CHIP funds for Healthy Families coverage for adults under 65 years of age who are not disabled and do not have a deprived child in the home and who have a family income between 133 percent and 250 percent of FPL. Persons covered by employer-sponsored health insurance in the six months prior to application for coverage would not be eligible for Cal-Health. To the extent federal financial participation is available, DHS will adopt an income disregard for applicants equal to the difference between the income standard under Cal-Health and the amount equal to 133 percent of FPL, applicable to the size of the family. A recipient will be entitled to the same disregard, but only to the extent it is more beneficial than, and is substituted for, the earned income disregard available to recipients.

For purposes of calculating income under Cal-Health during any calendar year, increases in social security benefit payments arising from cost-of-living adjustments will be disregarded.

IV. Mechanisms for Expanding Coverage:

There are five major mechanisms for expanding coverage under the Cal-Health program: simplifying and streamlining the Medi-Cal and Healthy Families application process to enroll more eligible persons; extending eligibility to Healthy Families to parents with incomes up to 250% of FPL; increasing outreach to those who are eligible but not enrolled in Medi-Cal and Healthy Families; developing a low-cost standard uniform benefit package (SUBP) to be offered to individuals and families with incomes too high to qualify for public programs and to small employers; expanding eligibility for Medi-Cal and Healthy Families to low-income, non-custodial adults up to 250% of FPL.

A. Simplified and Streamlined Application Process

In addition to an electronic application process, there will be a simple, uniform mail-in application and enrollment process for all persons covered by Cal-Health. For a person with a family income at or below 250 percent of the FPL, existing Medi-Cal and Healthy Families programs' income and resource methodologies and other eligibility rules and application, enrollment, retention, and seamless bridging procedures will, to the maximum extent permitted by federal law, be simplified, streamlined, and coordinated through the Cal-Health Program. Simplification is required to eliminate waste, remove barriers to enrollment and retention of coverage, and take advantage of federal matching funds to cover the cost of providing medical care to the uninsured.

B. Expanded Eligibility for Parents Under Healthy Families

This proposal would expand eligibility for parents under the Healthy Families Program to those with incomes up to 250% of the FPL. It is estimated that 188,000 parents would be eligible for this expansion in coverage in 2002. If the program were fully implemented in 2002, about

66,000 of these eligible parents would be expected to enroll along with 51,000 of their children.¹ This is based on the assumption that only about 70% of uninsured persons eligible for these programs actually enroll. The reduction in uninsured would be approximately 102,000 in 2002.²

C. Outreach to Californians Eligible for Medi-Cal and Healthy Families

Outreach to enroll eligible Californians in Medi-Cal and Healthy Families will be targeted at licensed hospitals, clinics, and other health facilities, as well as preschools and public elementary and secondary schools. With respect to each enrolled child in school, the school will inform the parent or primary caretaker living with the child at least once each year about Cal-Health and its eligibility requirements, and will allow an application to be submitted at the preschool or school.

All licensed hospitals, clinics, and other health facilities will inform an uninsured person who is seen or admitted and will inform the parent or primary caretaker of a child who is seen or admitted, about Cal-Health and its eligibility requirements at the time the person or child is seen or admitted, and may participate in the temporary eligibility and accelerated enrollment process. In the case of urgent or emergency services, individuals will be informed about Cal-Health and given an opportunity to apply after services have been rendered and, in the case of an in-patient admission, during discharge planning.

Participating providers may screen and temporarily enroll eligible individuals and initiate the accelerated enrollment process to be completed at that time by MRMIB and DHS for the Medi-Cal and Healthy Families programs. Providers who enroll uninsured adults and children at the point of service will be reimbursed for services to the same extent as if the eligible individual

¹ The Lewin Group, Inc., The Cal-Health Program: Summary and Estimated Cost and Coverage Impacts. Final Second Round Estimates. Prepared for the California State Planning Grant, California Health and Human Services Agency (CHHS), Health Benefits Simulation Model (HBSM), February 19, 2002.

² The Lewin Group, Inc., HBSM 1/19/02.

were fully enrolled in the program. Providers will be allowed to temporarily enroll persons who meet initial screening requirements into the Medi-Cal and Healthy Families programs. No individual will be temporarily enrolled into the programs more than one time during a 12-month period.

The state will submit a federal waiver or exercise other options available under federal law to permit providers to screen and temporarily enroll children, parents, and other adults who meet initial screening requirements into the Medi-Cal and Healthy Families programs for 90 days pending a final eligibility determination by MRMIB and DHS. The procedures will be similar to the extent feasible to the accelerated enrollment procedures of the Family Planning, Access, Care and Treatment (PACT) waiver program.

In addition, MRMIB and DHS will undertake a pilot project to assist small businesses in learning about health insurance products and costs, administering employer-sponsored coverage, and enrolling eligible individuals in Cal-Health. The purpose of the pilot project will be to assist small businesses in providing health insurance to their employees and their dependents by providing information, administrative services, and enrollment assistance for Cal-Health for eligible employees.

It is estimated that about 268,000 children and parents currently eligible for Medi-Cal and Healthy Families would newly enroll as a result of these outreach efforts.³ This includes 143,000 children and 125,000 parents.

D. Standard Uniform Benefit Package (SUBP)

A standard uniform benefit package (SUBP) will be developed that is more affordable and less expensive than products currently available in the private market. Private carriers will be able to offer the SUBP to families and individuals with incomes above 250 percent of FPL

and to small firms (2-50 employees). The cost of the package would be fully covered by the premiums paid by these persons. There are no public subsidies for this coverage. The SUBP would cover:

- Inpatient hospital care
- Outpatient hospital care
- Physician services, including primary and preventive care
- Mental health care
- Physical, occupational and speech therapy
- Multi-disciplinary rehabilitation
- Home health care
- Dialysis care
- Maternity care
- Emergency and out-of-area care
- Family planning
- Hospice care
- Health education
- Imaging
- Lab tests and special procedures
- Reconstructive surgery
- Transplants
- Other licensed professionals such as psychologists and optometrists.

There would be one package for persons age 19 to 34 and another for persons age 35 to 64. They would cover the following:

³ The Lewin Group, Inc., HBSM *op cit*.

- *Hospitalization (limits apply equally to acute care and mental health days)*
 - 19-34 years: 5 days per year, \$2,000 deductible above 5 days, 70 percent coverage above deductible;
 - 35-64 years: 14 days per year, \$2,000 deductible above 14 days, 70 percent coverage above deductible;
- *Outpatient visits (limits apply equally to acute care visits and Mental Health visits)*
 - 19-34 year olds: 4 visits with \$10 co-payment (not including preventive care), above that, \$1,000 outpatient deductible, 70 percent coverage beyond deductible;
 - 35-64 year olds: 8 visits with \$10 co-payment (not including preventive care), above that, \$1,000 outpatient deductible, 70 percent coverage beyond deductible;
- Preventive care: covered with \$10 co-payment

There would be no coverage for outpatient prescription drugs, alcohol or drug treatment, DME, supplies and supplements, vision care, hearing care, and skilled nursing facilities, with strict limits also placed on physical, occupational and speech therapy, multi-disciplinary rehabilitation, and home healthcare. The premium was estimated to be to \$154 PMPM for those ages 19 to 34 and \$232 PMPM for those ages 35 to 64.⁴ Using this reduced benefits package together with the SUBP cost sharing would reduce the premium by about 26 percent compared to a comparable benefits package with cost sharing found in a PPO in the California market in 2002.⁵

It was estimated that the low cost benefits package created under the SUBP program will result in about 3.7 percent of the target population obtaining health insurance.⁶ This is over and above the number of insured persons who would shift from their current plans to the new SUBP

⁴ The Lewin Group, Inc., HBSM. *Op cit.*

benefit. This assumption is based upon the percentage of the target population that enrolled in other low-cost benefits packages marketed in other states.⁷ It was estimated that there are about 1.6 million uninsured persons in the target population, which includes workers and dependents in firms with under 100 employees, and persons above 250 percent of the FPL (persons below 250 percent of the FPL would have access to the Medi-Cal and Healthy Families expansion). Based on this assumption, it was estimated that the SUBP would reduce the number of uninsured in California by about 59,000 Californians, at no cost to the state.⁸

E. Expanded Eligibility for Low-Income, Non-Custodial Adults

California will seek a waiver or exercise other options available under federal law to use matching federal Medicaid funds to expand eligibility to 133 percent of FPL for adults who do not meet any existing eligibility category, and to use matching federal S-CHIP funds to expand Healthy Families to 250 percent of FPL for adults who do not meet any existing eligibility category. In order to be eligible for federal funds the state would need to apply for a federal waiver, which would permit the state to cover non-custodial adults under Medi-Cal or Healthy Families. The waiver would be unique in that it would waive the long-standing federal requirement that waivers be budget neutral to the federal government. Therefore, the impacts of the Cal-Health program with and without the budget neutrality waiver requirement were estimated.

If the federal waiver of budget neutrality were approved by the Centers for Medicare and Medicaid Services (CMS), about 3.3 million persons would be newly eligible for Cal-Health, if

⁵ The Lewin Group, Inc., HBSM. *Op cit.*

⁶ The Lewin Group, Inc., HBSM. *Op cit.*

⁷ The most relevant example is the Scope program in Colorado that imposed higher cost sharing for hospital care to arrive at a lower-cost benefits package. The program, which was funded by the Robert Wood Johnson Foundation (RWJF), is estimated to have covered about 3.7 percent of groups in the target population.

⁸ The Lewin Group, Inc., HBSM. *Op cit.*

fully implemented in 2002.⁹ About 95% of these would be non-custodial adults. An estimated 2.1 million of those who were newly eligible would be expected to enroll. Due to crowd out effects, the total number of uninsured in the state would be reduced by 1.7 million.¹⁰

V. Insurance and Risk

With respect to individuals eligible for Cal-Health programs, the State of California will be responsible for all medically necessary health care services rendered to those individuals, and will reimburse health care providers for those services at the reimbursement rates applicable to those programs as otherwise required by law.

VI. Administration and State Regulation

The state will administer the Cal-Health program and will coordinate Cal-Health with Healthy Families and Medi-Cal by providing a single, simplified and streamlined process for the determination of eligibility and enrollment with one portal for entry for all persons enrolled in and eligible for Medi-Cal and Healthy Families. This will reduce administrative costs by simplifying and streamlining income and resource methodologies and other eligibility rules and application, enrollment, retention, and seamless bridging procedures between the two programs to ensure no disruption in coverage for eligible individuals.

The California Health and Human Services Agency will convene a working group including, but not limited to, representatives of low-income persons and representatives of MRMIB and DHS. The working group will advise Cal-Health on simplifying, streamlining, and coordinating the Medi-Cal and Healthy Families programs on income and resource

⁹ The Lewin Group, Inc. HBSM, *op cit.*

¹⁰ The Lewin Group, Inc. HBSM *Op cit.*

methodologies and other eligibility rules and application, enrollment, retention, and seamless bridging procedures.

MRMIB and DHS will report to the Legislature their recommendations to make the Cal-Health income and resources methodologies and other eligibility rules and application, enrollment, retention, and seamless bridging procedures for the Medi-Cal and Healthy Families programs the same to the extent permitted by federal law. Where differences exist between the programs, other than income eligibility, MRMIB and DHS will determine and recommend the less restrictive rule, unless the less restrictive rule is precluded by federal law.

There are two major Federal or State legal or regulatory changes that would be necessary to implement the Cal-Health program. The first is that the state will need to seek a waiver to be able to use federal Medicaid and Healthy Family program funds to expand coverage for non-custodial adults under 65 years of age who are not disabled and do not have a deprived child in the home and who have a family income at or below 250 percent of FPL. Additionally, by expanding eligibility for the Medi-Cal program, which is currently determined by counties, this option imposes a state-mandated local program by expanding the scope of those duties.

VII. Health Benefits

Persons enrolled in Healthy Families will have health care coverage for the services mandated by the Healthy Families program. Similarly, persons enrolled in Medi-Cal will have access to the health care services mandated by the Medi-Cal program.

Persons who purchase private coverage with the SUBP will have coverage for hospitalization, outpatient visits, preventive care, ambulance services, dialysis care, maternity care, mental health care, emergency and out-of-area care, family planning, hospice care, health

education, imaging, lab tests and special procedures, reconstructive surgery, and transplants. In addition, coverage with limits will be offered for physical, occupational and speech therapy, multidisciplinary rehabilitation, and home health care. Two SUBP's will be offered: one for persons who are 19-34 years, which reflects their lower health care needs and utilization, and one for persons who are 35-64, which reflects their greater health care needs and utilization.

VIII. Changes to Existing Coverage

Cal-Health seeks to add coverage to all persons with family incomes at or below 250 percent of FPL who are not currently eligible for Healthy Families or Medi-Cal. Additionally, through increased outreach efforts, more persons who are currently eligible for Healthy Families and Medi-Cal will be enrolled in and covered by these programs. Cal-Health does not intend to replace any existing coverage, and persons covered by employer-sponsored health insurance in the six months prior to application for coverage will not be eligible for Cal-Health. Additionally, it will extend access to affordable, private health insurance coverage for persons with incomes above 250 percent of the FPL and to small firms through the development of low-cost SUBP.

Table 1 summarizes the impact on insurance coverage under Cal-Health for each of the three most feasible mechanisms of expansion: Healthy Families coverage for parents up to 250% of FPL; outreach to parents and families; and coverage for low-income, non-custodial adults in Medi-Cal and Healthy Families.

Table 1
Estimated Enrollment Under the Cal-Health Proposal in 2002:
Without and With Approval of Budget Neutrality Waiver

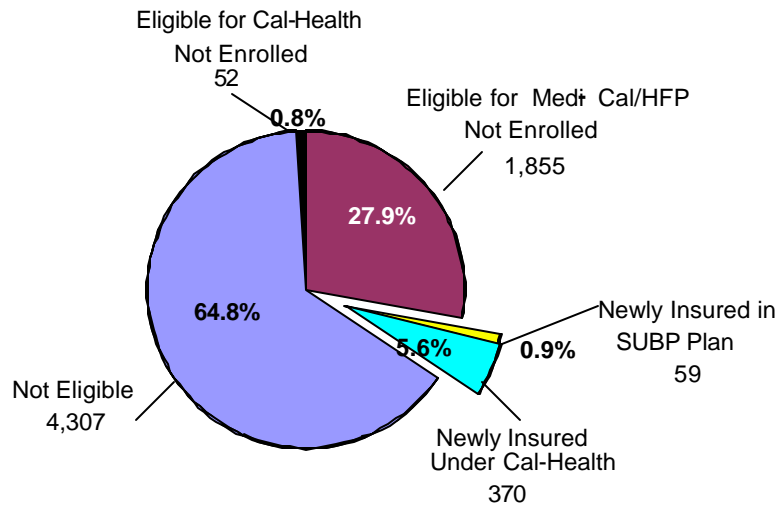
	Newly Eligible (1,000)	Newly Enrolled (1,000)	Reduction in Uninsured (1,000)
Parents to 250% FPL			
Children	–	51	51
Parents	188	66	51
Subtotal	188	117	102
Outreach			
Children	–	143	143
Parents	–	125	125
Subtotal	–	268	268
Total without Waiver	188	385	370
If Federal Waiver is Approved			
Non-Custodial Adults			
Medi-Cal (through 133% FPL)	2,113	1,299	1,035
Healthy Families (through 250% FPL)	1,038	377	257
Subtotal	3,151	1,676	1,292
Total with Waiver	3,339	2,061	1,662

Source: Lewin Group estimates using the Health Benefits Simulation Model (HBSM), 1/19/02

Figure 1 illustrates the distribution of the 6.6 million uninsured under the Cal-Health Program, assuming that the Federal waiver for non-custodial adults is NOT approved.¹¹ Adding the 59,000 Californians who would obtain coverage through the SUBP to the 117,000 who would obtain coverage under the Healthy Families expansion to parents, and 268,000 who would enroll as a result of increased outreach and the automated eligibility determination system, yields a total of 444,000 Californians who would obtain health insurance under Cal-Health.

¹¹ The Lewin Group, Inc. HBSM *Op cit.*

Figure 1
Coverage of Uninsured Persons in California Under Cal-Health Without Approval
Of Budget Neutrality Waiver, 2002 (in thousands)



Source: Lewin Group estimates using the Health Benefits Simulation Model, 1/19/02

Assuming that the budget neutrality waiver IS approved, an additional 3.2 million Californians would become newly eligible for insurance coverage in Cal-Health, with an estimated 1.7 million newly enrolling, resulting in a reduction in uninsured of 1.3 million.¹² All together, the four strategies of expansion to parents under Healthy Families, outreach to enroll those eligible for Healthy Families and Medi-Cal, offering the SUBP, and extending coverage to low-income non-custodial adults would increase the number of Californians eligible for health insurance by 3.34 million and produce a net reduction in the uninsured of 1.66 million.¹³

¹² The Lewin Group, Inc. HBSM *Op cit.*

¹³ The Lewin Group, Inc. HBSM *Op cit.*

IX. Financing Mechanism

With respect to individuals eligible for Cal-Health programs, the State of California will be responsible for all medically necessary health care services rendered to those individuals, and will reimburse health care providers for those services at the reimbursement rates applicable to those programs as otherwise required by law.

As the previously uninsured population enrolls in Cal-Health, 70 percent of the average per capita cost of the state and county safety net funding per uninsured person will be transferred to help finance coverage under Cal-Health. Over time, the funding levels for the safety net to provide care to uninsured persons will increase under Cal-Health as it retains both its current funding levels for persons who remain uninsured, as well as the 30 percent of the funding for those who were previously uninsured, but have enrolled in Cal-Health. This option assumes that the safety net providers will receive a more stable and generous source of revenue through Cal-Health insurance payments, as the number uninsured individuals seeking care in these facilities declines over time.

Table 2 estimates the state and federal costs associated with increasing eligibility of parents up to 250% of FPL in Healthy Families and the increased outreach efforts to enroll the uninsured who are eligible but not enrolled in Healthy Families and Medi-Cal. It is estimated that the state costs for the outreach would be \$151 million in 2002 and the parents' expansion in Healthy Families would cost the state approximately \$82 million.¹⁴ However, these costs would be offset by \$179 million from savings to the safety net, and an estimated \$94 million in administrative savings from automated eligibility. Thus, the cost to the state of reducing the

¹⁴ The Lewin Group, Inc. HBSM *Op cit.*

number of uninsured Californians by 370,000 would be a net savings of about \$41 million in the first year.¹⁵

Table 2
State and Federal Costs of Outreach and Healthy Families Expansion for Parents
Assuming Full Implementation in 2002

	Net Total Costs (Millions)	Federal Costs (Millions)	State Costs (Millions)
Program Costs			
Outreach	\$362.0	\$210.7	\$151.3
Parents Expansion to 250% FPL	\$168.7	\$86.9	\$81.8
Total Program Costs	\$530.7	\$297.6	\$233.1
Program Offsets			
Safety Net Savings	\$179.3	--	\$179.3
Administrative Savings from Automated Eligibility	\$194.4	\$100.0	\$94.4
Total Program Offsets	\$373.7	\$100.0	\$273.7
Net Program Costs			
Total	\$157.0	\$197.6	(\$40.6)

Source: Lewin Group estimates using the Health Benefits Simulation Model, 1/19/02

Table 3 estimates the federal and state cost of the above expansion between 2003 and 2008. During this entire period, there is a net savings to the state associated with these expansions, which decline over time.

Table 3
Estimated Federal and State Cost of Outreach and Healthy Families Expansion for
Parents: 2003-2008 (millions)

	Program Cost			Federal Share of Program Offsets	State Program Offsets	Net Cost to Federal Government	Net Cost to State
	Total	Federal Match	State Cost				
2003	\$286.5	\$160.4	\$126.1	\$52.6	\$144.1	\$107.8	(\$18.0)
2004	\$495.2	\$277.3	\$217.9	\$88.7	\$242.8	\$188.6	(\$24.9)
2005	\$668.5	\$374.4	\$294.1	\$116.7	\$319.6	\$257.7	(\$25.5)
2006	\$722.0	\$404.3	\$317.7	\$122.9	\$336.5	\$281.4	(\$18.8)
2007	\$779.0	\$436.2	\$342.8	\$129.5	\$354.3	\$306.7	(\$11.5)
2008	\$837.5	\$469.0	\$368.5	\$136.3	\$373.1	\$332.7	(\$4.6)

Source: Lewin Group estimates using the HBSM, 1/19/02.

¹⁵ The Lewin Group, Inc. HBSM *Op cit*.

It is estimated that the amount households spend under Cal-Health (without the budget neutrality waiver) would decline by \$201 million and premium payments would increase by \$124 million as eligible parents enroll themselves and their children and enrollment in the SUBP increases.¹⁶ It is also estimated that there will be a reduction in out-of-pocket costs for newly insured persons of \$325 million, resulting in a net savings of \$201 million.¹⁷

Finally, Table 4 estimates the costs under the Cal-Health Program including coverage for the low-income, non-custodial adults, assuming the budget neutrality waiver is approved by CMS. It is estimated that the cost of covering 1.7 million non-custodial adults would be \$3.1 billion, equal to an average of \$1,890 per year per person or \$157.50 pmpm.¹⁸ These costs would be offset by \$1.6 billion in federal matching funds.¹⁹

Table 4
Estimated Federal and State Costs of the Cal-Health Coverage Expansions if the Budget Neutrality Waiver IS Approved, 2002

	Net Total Costs (Millions)	Federal Costs (Millions)	State Costs (Millions)
Program Costs			
Outreach	\$362.0	\$210.7	\$151.3
Parents Expansion to 250% FPL	\$168.7	\$86.9	\$81.8
Non-Custodial Adults Expansion to 250% FPL	\$3,141.4	\$1,617.8	\$1,523.6
Total Program Costs	\$3,672.1	\$1,915.4	\$1,756.7
Program Offsets			
Safety Net Savings	\$805.6	--	\$805.6
Administrative Savings from Automated Eligibility	\$194.4	\$100.0	\$94.4
Total Program Offsets	\$1,000.0	\$100.0	\$900.0
Net Program Costs			
Total	\$2,672.1	\$1,815.4	\$856.7

Source: The Lewin Group estimates using the Health Benefits Simulation Model, 1/19/02

¹⁶ The Lewin Group, Inc. HBSM *Op cit.*

¹⁷ The Lewin Group, Inc. HBSM *Op cit.*

¹⁸ The Lewin Group, Inc. HBSM *Op cit.*

¹⁹ The Lewin Group, Inc. HBSM *Op cit.*

XI. Implementation Approach and Feasibility

Implementation of the Cal-Health program will require:

- The creation of the Cal-Health program, housed in the California Health and Human Services Agency.
- The development of a single administrative process for enrollment and eligibility in the Cal-Health program.
- The development of an outreach strategy to inform Californians about their eligibility and how to enroll in Cal-Health.
- A dissemination plan for informing health care providers about the requirements for temporary enrollment in the Cal-Health program.
- The development of standard uniform benefit packages that would be offered by commercial insurers to individuals and families with incomes above 250 percent of the federal poverty level and to small firms with between 2 and 50 employees.
- A Federal waiver for the expansion of the Medi-Cal program to uninsured adults with family incomes at or below 133 percent of FPL and of the Healthy Families program to uninsured adults with family incomes between 133 and 250 percent of FPL, who are not eligible for other public programs. Under existing rules, this waiver would not be approved.